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CIAE-00 DODE-00 NSAE-00 NSCE-00 SSO-00 USIE-00 INRE-00

PA-01 PRS-01 OIC-02 FEA-01 ERDA-05 AID-05 CEA-01

CIEP-01 COME-00 FPC-01 H-02 INR-07 INT-05 L-02 NSC-05

OMB-01 PM-03 SAM-01 OES-03 SP-02 SS-15 STR-04 TRSE-00

FRB-03 /128 W

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FM AMEMBASSY PARIS

TO SECSTATE WASHDC IMMEDIATE 8437

AMEMBASSY ABU DHABI IMMEDIATE

AMEMBASSY KUWAIT IMMEDIATE

AMEMBASSY ALGIERS

AMEMBASSY ANKARA

AMEMBASSY BERN

AMEMBASSY BONN

AMEMBASSY BRASILIA

AMEMBASSY BRUSSELS

AMEMBASSY CARACAS

AMEMBASSY COPENHAGEN

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AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY MADRID

AMEMBASSY NEW DELHI

AMEMBASSY OSLO

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AMEMBASSY OTTAWA

AMEMBASSY QUITO

AMEMBASSY ROME

AMEMBASSY STOCKHOLM

AMEMBASSY TEHRAN

AMEMBASSY TOKYO

AMEMBASSY TRIPOLI

AMEMBASSY VIENNA

AMEMBASSY WELLINGTON

USMISSION NATO

USMISSION EC BRUSSELS

USMISSION USUN

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BEIRUT PASS BAGHDAD

ABU DHABI, DOHA AND KUWAIT PASS PARSKY

E.O. 11652: GDS TAGS: ENRG

SUBJECT: PRODUCER/CONSUMER PREPCON: SIXTH DAY

REF: PARIS 9291

1. EC DEL CAUCUSED UNTIL AFTER MIDNIGHT FRIDAY, THEN MET WITH U.S. AND JAPANESE REPRESENTATIVES. INDUSTRIALIZED COUNTRY DELS REVIEWED POSSIBLE COMPROMISE AGENDA FORMULATIONS TO BE SURE ALL POSSIBILITIES HAD BEEN CONSIDERED BY THEM. THEY ALSO NOTED THAT OPEC/LDC GROUP HAD AS YET SHOWN NO INCLINATION TO DEPART FROM THEIR ORIGINAL POSITIONS. DELS DECDIED TO REMAIN FIRM ON EC DRAFT AGENDA' AND AGREED ON IMPORTANCE OF MAINTAINING CALM ATMOSPHERE IN FURTHER MEETINGS OF CONTACT GROUP.

2. EC AND JAPAN WERE NOT RECEPTIVE TO IDEA OF CONCLUDING PREPCON WITH A DISAGREED AGENDA, A POSSIBILITY WE FIRST RAISED WITH THEM INFORMALLY ON WEDNESDAY. BOTH BELIEVED THAT AN AGREED AGENDA WAS NECESSARY FOR A FULL CONFERENCE INVOLVING MINISTERS. CONFIDENTIAL

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3. GIVEN POSSIBILITY THAT PREPCON WOULD NOT PRODUCE AN AGREED AGENDA FOR A CONFERENCE, EC, JAPAN, AND U.S. DISCUSSED OUTLINES OF A POSSIBLE STATEMENT TO BE ISSUED BY PREPCON AT CONCLUSION OF DELIBERATIONS NOW UNDERWAY. DELS AGREED STATEMENT SHOULD BE BRIEF AND LOW-KEY, POINT TO BENEFITS DERIVED FROM MUTUAL CONTACTS, AND NOTE THE CONSTRUCTIVE ATTITUDE THAT HAD PREVAILED

AND GENERAL DESIRE TO PREPARE A CONFERENCE. THE STATE-MENT WOULD REFER TO THE INABILITY TO REACH FULL AGREE-MENT ON THE BASIS FOR A CONFERENCE AND CONTAIN A PLEDGE TO CONTINUE EFFORTS LEADING TO A RECONVENING OF THE PREPCON AT AN APPROPRIATE TIME. IT WOULD CONCLUDE WITH A REQUEST TO THE GOVERNMENT OF FRANCE TO HELP FACILITATE THIS PROCESS.

4. CONTACT GROUP RECONVENED TODAY AROUND NOON. DIS-CUSSIONS CONTINUED UNTIL 2:30 P.M. TONE OF DISCUSSIONS REMAINED SERIOUS AND SUPERFICIALLY AMICABLE, BUT OPEC/ LDC'S EVIDENCED NO INTENTION TO COMPROMISE BY MODIFYING THEIR INSISTENCE THAT ENERGY COULD ONLY BE TREATED EITHER WITHIN OVERALL RUBRIC OF RAW MATERIALS OR ON PARITY WITH RAW MATERIALS AND PROBLEMS OF DEVELOPING COUNTRIES. SUBSTANTIVE DISCUSSIONS EVENTUALLY FOCUSED ON CRITICAL QUESTION OF LINK BETWEEN AREAS OF COOPERA-TION AND ENERGY. OPEC/LDC SPOKESMAN, IRAN, REINFORCED WHE WHEN NECESSARY BY ALGERIANS, DID NOT BUDGE. NEITHER SIDE VENTURED TO DRAW WIDELY-SHARED CONCLUSION THAT NO AGREE-MENT ON AGENDA WOULD BE POSSIBLE AT PREPCON. THIS PARTLY TO AVOID BEARING ONUS OF HALTING TALKS, PARTLY IN DEFERENCE TO FRENCH, WHO AS HOSTS, CONTINUE TO PRESS BOTH SIDES TO REACH AGREEMENT. (IN THIS CONNECTION FRENCH HAVE BEEN PRECLUDED BY THEIR POSITION WITHIN EC DEL, WHICH SPEAKS FOR THEM ON SUBSTANCE, FROM PUTTING FORWARD THE SPECIFIC PROPOSALS FOR COMPROMISE THAT THEY

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WOULD OTHERWISE HAVE FLOATED.)

- 5. IEA GOVERNING BOARD CONVENED AT 3:00 P.M. TO HEAR SUMMARY FROM DAVIGNON AND BOSWORTH, WHO HAS PARTICIPATED IN CONTACT GROUP AS US LIAISON WITH EC DELEGATION. DAVIGNON OBSERVED THAT TWO THINGS COULD OCCUR AT THIS STAGE: (1) OPEC/LDC'S COULD RELAX THEIR POSITION ON THE AGENDA IN SUCH A WAY AS TO PERMIT A CONFERENCE CENTERED AROUND ENERGY RATHER THAN A CONFERENCE ON RAW MATERIALS AND THE NEW INTERNATIONAL ECONOMIC ORDER, OR (2) THE PREPCON WOULD HAVE TO BE RECESSED. EVEN THE SECOND OUTCOME WAS NOT ASSURED, SINCE THE TALKS MIGHT COLLAPSE, BUT IEA MEMBERS PRESENT AT PREPCON WOULD DO EVERYTHING POSSIBLE TO ENGINEER NON-CONFRONTATIONAL RECESS OF PREPCON.
- 6. AT CONCLUSION OF GB DISCUSSION IN WHICH CONDUCT OF IEA MEMBER DELS AT PREPCON RECEIVED FULL SUPPORT OF OTHER AGENCY MEMBERS, DAVIGNON SUMMARIZED GB DECISION AS FOLLOWS:
 - -- IF PREPCON RECESSED OR SUSPENDED, IEA FAVORED FRANCE MAINTAINING ITS ROLE AS TECHNICAL CHAIRMAN.

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- -- IEA SHOULD CONTINUE TO MAKE CLEAR ITS WILLING-NESS TO DISCUSS ENERGY AND RELATED ECONOMIC ISSUES.
- -- IEA SHOULD EXPRESS ITS WILLINGNESS TO RESUME PREPCON AGAIN. WHEN CONDITIONS PERMIT.
- -- AT THE CONCLUSION OF THE PREPCON, DAVIGNON SHOULD MAKE THE ABOVE POINTS TO THE PRESS.
- 7. RE DRAFT RECEIVED AT 9:00 P.M. FROM DE GUIRINGAUD (TEXT SEPTEL), ROBINSON TOLD DE GUIRINGAUD THAT DRAFT REPRESENTED SOME MOVEMENT FROM PREVIOUS OPEC/LDC POSITIONS, THAT WE WELCOMED THIS MOVEMENT' BUT THAT IT WOULD APPEAR ON FIRST READING THAT DRAFT DID NOT MEET OUR MINIMAL REQUIREMENTS IN ITS PRESENT FORM. WE WOULD CERTAINLY BE WILLING TO DISCUSS IT WITH THE SEVEN IF THEY SUBMITTED IT TO THE CONTACT GROUP. DE GUIRINGAUD SAID HE THOUGHT FURTHER NEGOTIATIONS WOULD BE POSSIBLE AND PROPOSED THAT A MEETING BE HELD TOMORROW AT 10:00. ROBINSON SAID WE WOULD SUPPORT THE HOLDING OF SUCH A MEETING.
- 8. IN SUBSEQUENT MEETING WITH EC, JAPAN, AND IEA, IT BECAME CLEAR THAT EC REPS (GALLAGHER AND WELLENSTEIN)

WERE BASICALLY IN FAVOR OF NEW DRAFT AND MAY HAVE PARTICIPATED IN ITS DRAFTING.

9. WE TOOK VIEW (AS DID JAPANESE) THAT DRAFT NOT REPEAT NOT ACCEPTABLE WITHOUT SUBSTANTIAL CHANGE. IT WAS AGREED THAT THREE MAIN REQUIREMENTS WILL BE (A) TO RESTORE A CLEAR LINKAGE TO ENERGY; (B) TO REMOVE MUCH OF THE DETAIL ON SUCH ISSUES AS RAW MATERIALS AND DEVELOPMENT; AND (C) TO AVOID COMMITMENT TO CONCLUSIONS AND RECOMMENDATIONS IN EACH OF THE HEADINGS.

10. WITH THE EC REPS SWINGING INTO A MEDIATING ROLE, IT
WILL BE DIFFICULT TO OBTAIN FULL SATISFACTION ON THESE
ISSUES.
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